

Message Text

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ACTION SCS-03

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5786

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INFO AMCONSUL MEDAN

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E.O. 11652: N/A

TAGS: CASC, ID

SUBJ: CITIZEN PROTECTION: P.T. PERMEX--POPE, EVANS AND ROBBINS

1. P.T. PERMEX, LOCAL JOINT VENTURE OF US CONSULTING ARCHITECTS/ENGINEERS FIRM OF POPE, EVANS AND ROBBINS (PERIL), NEW YORK HAS BECOME SUBJECT OF CONSIDERABLE UNFAVORABLE PRESS ATTENTION IN PAST TWO WEEKS. ARTICLES ALLEGING SCANDAL OF MALADMINISTRATION IN P.T. PERMEX DREW ON PRESS CONFERENCE AND STATEMENTS BY INDONESIAN PRIVATE SOURCES, TIMED TO CORRESPOND WITH COURT SUIT FILED BY FIRST NATIONAL CITY BANK. FNCB SUIT SEEKS SALE OF PERMEX PROPERTY TO OBTAIN PROCEEDS IN SATISFACTION OF BANK'S CREDIT CLAIMS AGAINST PERMEX. INDONESIAN INTERESTS SEEKING TO DELAY SUIT IN EFFORT TO RETAIN CLAIM ON ASSETS.

2. PERIL IS MAJORITY SHAREHOLDER IN P.T. PERMEX JOINT VENTURE WITH NON-INDIGENOUS INDONESIAN PARTNER HENDRA TIRTABUANA. INDONESIAN SOURCES ALLEGE INTER ALIA THAT PERIL NEVER PROVIDED FULL CAPITAL THEY CLAIM IT COMMITTED TO ENTERPRISE. LOCAL PARTNER WITH ASSISTANCE

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OF TWO ETHNIC INDONESIANS HAS APPARENTLY PROMPTED

SEVERAL ACTIONS BY GOVERNMENT AGENCIES WHICH RESULTED IN RETENTION OF PASSPORTS OF TWO AMERICAN DIRECTORS OF PERMEX, MESSRS. ROBERT R. MCLAUGHLIN AND K. DREHER. TO DATE NO LEGAL ACTION OR BASIS FOR THEIR DETENTION IN INDONESIA HAS BEEN INSTITUTED. ALTHOUGH NEITHER MCLAUGHLIN NOR DREHER HAS SOUGHT SUCH ASSISTANCE, EMBASSY HAS INTERCEDED WITH INVESTMENT BOARD AND IMMIGRATION OFFICIALS TO SEEK RETURN OF MCLAUGHLIN AND DREHER PASSPORTS (ACCOMPLISHED DECEMBER 17) AND TO DETERMINE AUTHORITY AND PROCEDURE BY WHICH ISSUES ARE TO BE SETTLED AND GROUNDS FOR DETAINING THE TWO AMERICANS IN INDONESIA WILL EITHER BE ESTABLISHED OR DISMISSED. EMBASSY HAS REPEATEDLY ADVISED DREHER AND MCLAUGHLIN TO OBTAIN LEGAL ADVICE AND ASSISTANCE. THEY CLAIM TO BE FINANCIALLY UNABLE TO RETAIN LEGAL ASSISTANCE. MCLAUGHLIN STATES HE HAS NEVER BEEN EMPLOYED BY PERIL AND RECEIVED REMUNERATION ONLY FROM PERMEX. DREHER STATES HIS EMPLOYMENT BY PERIL WAS TERMINATED SEVERAL MONTHS AGO.

3. PERMEX CASE HAS AROUSED CONSIDERABLE CONCERN AMONG US BUSINESS OFFICIALS IN INDONESIA, ESPECIALLY THOSE INVOLVED IN SMALLER VENTURES, WHO WATCHING CASE WITH KEEN INTEREST TO SEE WHETHER INDONESIAN OFFICIALS DEAL WITH CASE IN FAIR AND EXPEDITIOUS MANNER. INVESTOR ATTITUDES LIKELY TO BE INFLUENCED SIGNIFICANTLY BY OUTCOME IF CASE NOT WELL HANDLED. EMBASSY WILL REPORT FURTHER SIGNIFICANT DEVELOPMENTS.
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